



Aqua America Closes Two More Water System Purchases; First Half 2006 Brings Total of 10 Acquisitions

BRYN MAWR, Pa., Jul 03, 2006 (BUSINESS WIRE) -- Aqua America Inc. (NYSE:WTR) reported today the acquisition of two water systems in North Carolina, which brings the number of transactions closed through mid-year 2006 to 10.

"The first half of the year not only produced several more 'bread-and butter' tuck-in acquisitions but also a platform-building agreement that establishes a major beachhead in New York's Long Island market, which positions us to pursue additional growth opportunities in the country's third most-populous state," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis. "In addition, we successfully expanded our relatively new septage hauling business during this period."

In North Carolina, the company acquired two troubled water systems under a special state program that provides incentives for making required capital investments to address water quality, service reliability and water pressure problems. The company acquired the water utility serving approximately 70 residents in the Coral Park community near Lincolnton in Lincoln County. Aqua North Carolina, Inc. will invest nearly \$40,000 to build a new well and install new water main. In addition, the company purchased the water system serving the West Haven Mobile Home Community near China Grove in Rowan County from the Grove Supply Company. The troubled system, which serves nearly 100 residents, will require more than \$60,000 in capital improvements for a new tank, pipe, pumping equipment, electrical services and meters. These investments are eligible for recovery under a special program established by the North Carolina Utilities Commission for troubled systems.

The North Carolina subsidiary also partnered with residential developers in the second quarter to purchase 10 new developer water systems in new satellite communities. Through the first half of the year, the company closed on 30 new developer systems, which are projected to eventually serve more than 4,000 residents.

In May, Aqua America announced an agreement with Utilities & Industries Corp., LLC to acquire New York Water Service Corporation in a transaction valued at \$51 million. New York Water Service provides public water to approximately 135,000 residents in southeastern Nassau County, Long Island. The transaction, which is expected to close later this year, will expand Aqua America's overall customer base by more than five percent and transform New York into the company's seventh largest state operation. Aqua America will pay \$28 million in cash to acquire the stock of the company and assume \$23 million in debt.

In addition, Aqua America announced in May that its non-regulated subsidiary, Aqua Wastewater Management, Inc., acquired the assets of the Leary and Higgins septage hauling business of Chester County, PA. The business provides 1,500 customers with commercial and residential wastewater services, including septic tank clean-outs and sludge and bulk wastewater hauling.

Aqua America, Inc. is the largest U.S.-based publicly-traded water company, serving more than 2.5 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, New York, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, the expected pace of the Company's acquisition program, the potential for additional customer growth from acquired operations, the projected investment in the acquired systems and the expected recovery of investments in acquired systems. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives, and other factors discussed in our filings with the Securities and Exchange Commissions.

WTRF

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